

**E17**  
**Alcohol and Tobacco Commission**

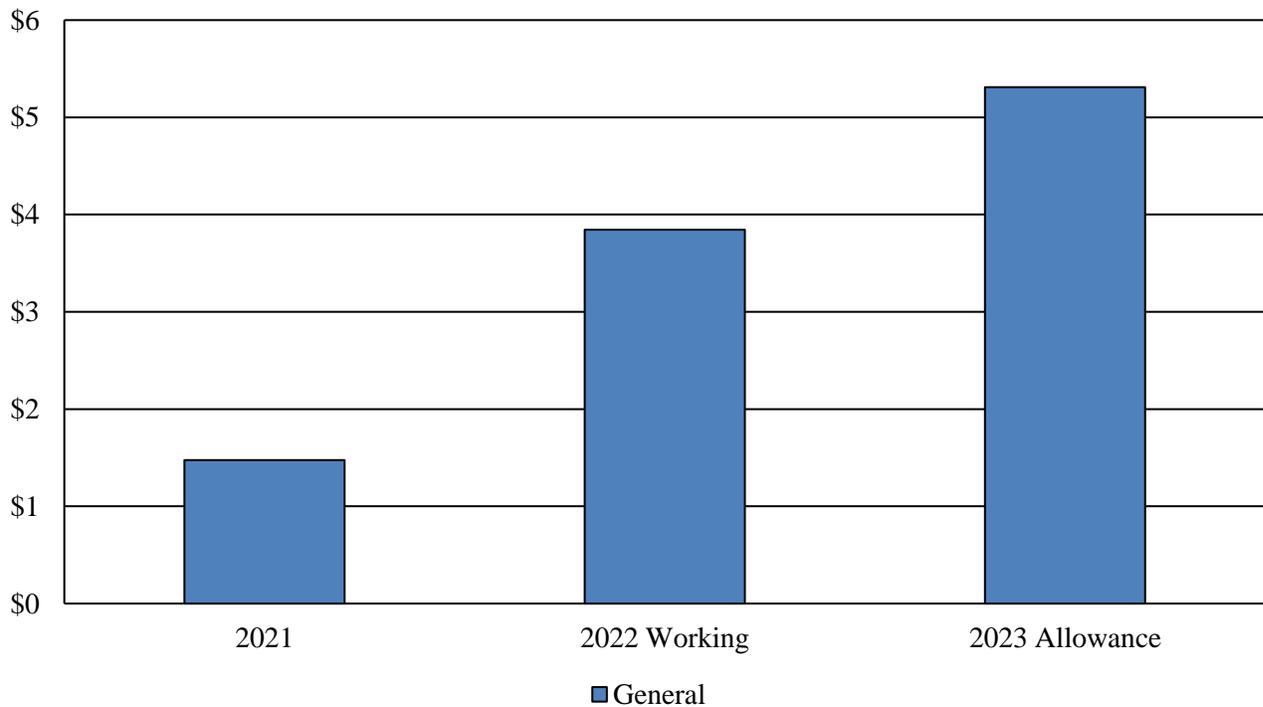
**Program Description**

The Alcohol and Tobacco Commission (ATC) was established by Chapter 12 of 2019 and is responsible for regulating the State’s alcohol and tobacco industries. ATC is led by an executive director and a five-member commission appointed by the Governor for terms of five years.

***Operating Budget Summary***

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**Fiscal 2023 Budget Increases \$1.5 Million, or 38.2%, to \$5.3 Million**  
**(\$ in Millions)**



Note: The fiscal 2022 working appropriation includes deficiency appropriations. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.

- The fiscal 2023 allowance for ATC is comprised entirely of general funds. The fiscal 2023 allowance increases by \$1.47 million compared to the fiscal 2022 working appropriation after accounting for a proposed deficiency appropriation, with the majority of the growth being attributed to an increase in vehicles, systems, and equipment for new law enforcement officers.

## Fiscal 2022

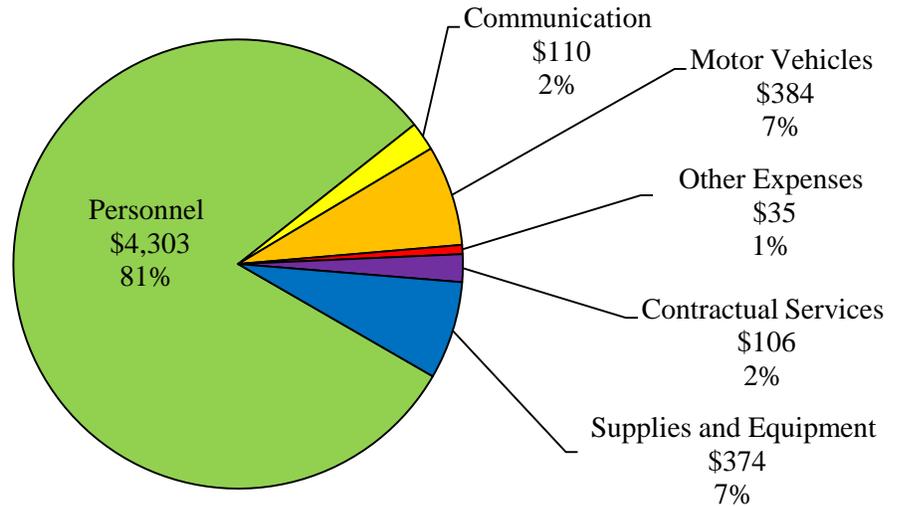
### Proposed Deficiency

The fiscal 2023 budget includes one proposed fiscal 2022 deficiency for ATC, totaling \$123,928. There are various uses for this deficiency, including \$67,250 for contractual services, which include the destruction of confiscated alcohol and tobacco and a law enforcement tracking system. Part of the deficiency also covers \$28,538 for title transfers for vehicles from the Comptroller’s Office to ATC and \$22,750 for various benefits provided to all bargaining units. The remaining \$5,390 is for other various smaller uses.

## Fiscal 2023 Overview of Agency Spending

The fiscal 2023 allowance of ATC totals \$5.3 million. **Exhibit 1** outlines the use of the allowance across ATC. Most of the funding (81%) is used for the 38 regular and 1 full-time equivalent contractual personnel. An additional 7% encompasses motor vehicles, which are primarily used for law enforcement agents. Another 7% accounts for equipment and supplies. Communication, contractual services, and other expenses make up the remaining 5%.

**Exhibit 1**  
**Overview of Agency Spending**  
**Fiscal 2023 Allowance**  
**(\$ in Thousands)**



Note: The fiscal 2023 allowance does not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.

Source: Governor’s Fiscal 2023 Budget Books

**Proposed Budget Change**

As shown in **Exhibit 2**, the total fiscal 2023 allowance increases by \$1.5 million, or 38.2%, from the fiscal 2022 working appropriation. The \$531,200 increase in regular earnings accounts for 8 added positions and their associated benefits. There is an additional \$276,000 for employee and law enforcement pensions, primarily due to new positions. Due to the reduction of the turnover expectancy from 8.71% to 0%, the fiscal 2023 allowance reflects an increase of \$257,000. Other major changes include \$261,000 for the purchase of new vehicles, partially offset by one-time title transfers from the Comptroller’s Office, and \$65,700 for the replacement of radio equipment for the law enforcement personnel.

**Exhibit 2  
Proposed Budget  
Alcohol and Tobacco Commission  
(\$ in Thousands)**

<b>How Much It Grows:</b>	<b>General Fund</b>	<b>Total</b>
Fiscal 2021 Actual	\$1,475	\$1,475
Fiscal 2022 Working Appropriation	3,845	3,845
Fiscal 2023 Allowance	<u>5,312</u>	<u>5,312</u>
Fiscal 2022-2023 Amount Change	\$1,468	\$1,468
Fiscal 2022-2023 Percent Change	38.2%	38.2%

<b>Where It Goes:</b>	<b>Change</b>
<b>Personnel Expenses</b>	
New personnel costs for 8 positions .....	\$531
Employees’ and law enforcement officer pensions, primarily due to new positions .....	276
Reduction in turnover rate from 8.71% to 0% .....	257
Regular earnings and other salary adjustments.....	193
Employee retirement system.....	-41
Employee and retiree health insurance .....	-81
<b>Other Changes</b>	
Purchase costs for nine vehicles, partially offset by one-time costs associated with title transfer .....	261
Replacement of mobile radios for law enforcement and purchase of radio base station for 700 megahertz (mhz) radios for new law enforcement positions .....	66
Desktop printers, scanners, and mobile printers for administrative and law enforcement positions .....	37
Payments for Microsoft Office suite, email, Teams, and other licenses.....	25

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<b>Where It Goes:</b>	<b><u>Change</u></b>
Costs for operating the 700 mhz statewide radio system.....	20
Annual maintenance costs in addition to spyware software, Adobe Acrobat Pro, and other systems .....	18
Costs for various tobacco and alcohol-related associations/conferences .....	14
Laboratory costs for fuel sampling and related equipment for processes completed on behalf of the Comptroller .....	-32
Contractual services including tracking services used to monitor illegal activity, fiscal 2022 deficiency costs associated with destruction of confiscated alcohol and tobacco, and information technology costs .....	-40
Anticipated reduction in maintenance costs due to newer vehicle fleet .....	-41
Other .....	4
<b>Total</b>	<b>\$1,467</b>

Note: Numbers may not sum to total due to rounding. The fiscal 2022 working appropriation includes deficiency appropriations. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.

***Personnel Data***

	<b><u>FY 21</u></b>	<b><u>FY 22</u></b>	<b><u>FY 23</u></b>	<b><u>FY 22-23</u></b>
	<b><u>Actual</u></b>	<b><u>Working</u></b>	<b><u>Allowance</u></b>	<b><u>Change</u></b>
Regular Positions	30.00	30.00	38.00	8.00
Contractual FTEs	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>31.00</b>	<b>31.00</b>	<b>39.00</b>	<b>8.00</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	0.00	0.00%
Positions and Percentage Vacant as of 12/31/21	n/a	n/a
Vacancies Above Turnover	n/a	

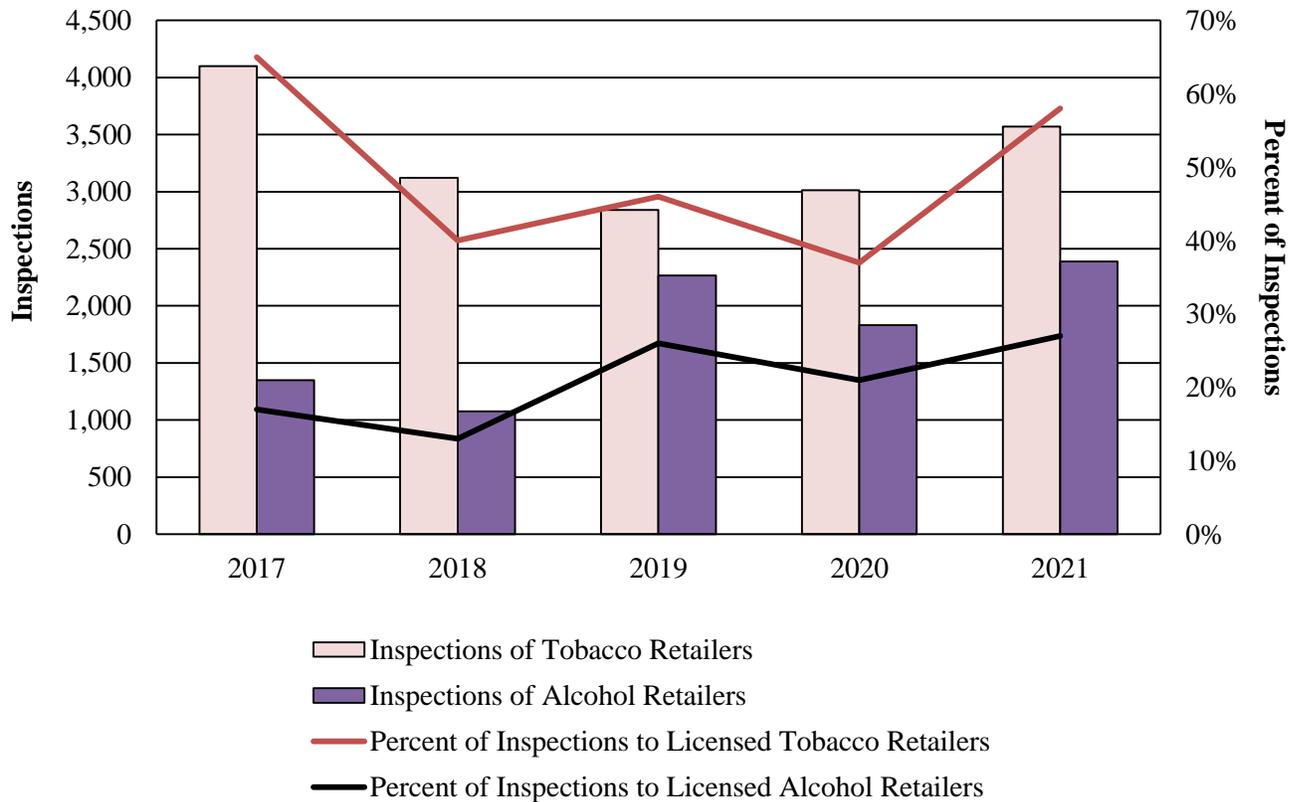
- ATC has an increase of 8 positions between the fiscal 2022 working appropriation and the fiscal 2023 allowance. Of these positions, 7 positions are for sworn law enforcement agents and 1 position is for a nonsworn administrator. The agent positions will be assigned to the Field Operations Bureau of the Field Enforcement Division. The administrator position will be assigned to the Regulatory and Administrative Services Bureau.

## Key Observations

### 1. Amount of Retail Inspections Increase

ATC was created in 2019 and authorized to begin enforcing alcohol and tobacco laws in 2021 after the transfer of the Field Enforcement Division from the Comptroller to ATC. It is the goal of ATC to deter the possession, sales, and transportation of illegal tobacco and alcohol products through inspections. They also aim to conduct inspections equivalent to 15% and 9% of the total number of licensed tobacco and alcohol product retailers, respectively. In 2021, ATC inspected 3,569, or 58%, of all tobacco retail establishments and 2,388, or 27%, of all alcohol retail establishments, as shown in Exhibit 3.

**Exhibit 3**  
**Inspections**  
**Fiscal 2017-2021**



Source: Department of Budget and Management

## ***Operating Budget Recommended Actions***

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1. Concur with Governor's allowance.

**Appendix 1  
Object/Fund Difference Report  
Alcohol and Tobacco Commission**

<u>Object/Fund</u>	<u>FY 21 Actual</u>	<u>FY 22 Working Appropriation</u>	<u>FY 23 Allowance</u>	<u>FY 22 - FY 23 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	30.00	30.00	38.00	8.00	26.7%
02 Contractual	1.00	1.00	1.00	0.00	0%
<b>Total Positions</b>	<b>31.00</b>	<b>31.00</b>	<b>39.00</b>	<b>8.00</b>	<b>25.8%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 1,270,111	\$ 3,117,502	\$ 4,253,407	\$ 1,135,905	36.4%
02 Technical and Special Fees	78,944	49,091	49,291	200	0.4%
03 Communication	22,592	94,500	110,165	15,665	16.6%
04 Travel	28	525	14,500	13,975	2661.9%
06 Fuel and Utilities	0	20,000	20,000	0	0%
07 Motor Vehicles	23,784	138,127	383,836	245,709	177.9%
08 Contractual Services	2,787	16,475	105,926	89,451	542.9%
09 Supplies and Materials	77,063	283,638	252,196	-31,442	-11.1%
10 Equipment – Replacement	0	0	28,000	28,000	N/A
11 Equipment – Additional	0	1,000	94,246	93,246	9324.6%
13 Fixed Charges	0	0	925	925	N/A
<b>Total Objects</b>	<b>\$ 1,475,309</b>	<b>\$ 3,720,858</b>	<b>\$ 5,312,492</b>	<b>\$ 1,591,634</b>	<b>42.8%</b>
<b>Funds</b>					
01 General Fund	\$ 1,475,309	\$ 3,720,858	\$ 5,312,492	\$ 1,591,634	42.8%
<b>Total Funds</b>	<b>\$ 1,475,309</b>	<b>\$ 3,720,858</b>	<b>\$ 5,312,492</b>	<b>\$ 1,591,634</b>	<b>42.8%</b>

Note: The fiscal 2022 appropriation does not include deficiency appropriations. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.